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Summary of the Proposal's Features

ABX1 1 (Núñez/Perata)

(Introduced in the special session 11/8/2007; last updated 12/18/2007.)

Californians to Be Covered	Estimated two-thirds of uninsured Californians.
Requirements Imposed on Consumers/ Individuals	<ul style="list-style-type: none"> • All Californians are required to have a minimum level of coverage, to be determined by the Managed Risk Medical Insurance Board (MRMIB). • If the total cost of coverage for the minimum mandated policy exceeds 5% of family income, then individual is exempt from the mandate. • MRMIB will consider additional exemptions in cases of serious hardship.
Treatment of Self-Employed	Same individual mandate applies.
Requirements Imposed on Employers	<ul style="list-style-type: none"> • Pay or play approach—employers required to pay 1 - 6.5% of Social Security wages for employee health care expenditures or pay equivalent amount into a trust fund to allow employees to access coverage through a pool (subject to voter approval on the ballot). • Sliding scaled based on payroll size of the firm.
Treatment of Small Employers	Lower payroll employers would pay a smaller contribution based on a sliding scale.
Requirements Imposed on Providers	Proposal expresses the intent of the legislature that this plan will be financed, in part, by a fee from hospitals equivalent to 4% of patient revenues (subject to voter approval on the ballot).
Changes in Provider Payments/Funding	Medi-Cal rate increases for physicians up to 100% of Medicare rates, contingent on appropriation in the state budget.
Changes in Health Care Workforce/Care Delivery	Develops taskforce to examine and make recommendations on professional scope of practice for nurse practitioners.
	<ul style="list-style-type: none"> • Healthy Families expansion for children in families with incomes 133 - 300% FPL,

**Public Program Expansions
and
Support for Low-Income
Individuals**

- regardless of immigration status, pending the appropriation of state funds.
- Expands Healthy Families coverage to parents with incomes 133% - 250% FPL, pending federal approval and pending the appropriation of state funds.
 - Medi-Cal expansion to single Medically Indigent Adults up to 250% FPL (benefits may be less than traditional Medi-Cal).
 - Medi-Cal expansion (via benchmark plan with new pool) to adults ages 19 and 20 earning less than 250% FPL (benefits may be less than traditional Medi-Cal).
 - New coverage program for childless adults under 100% FPL (contingent on unspecified county contributions). Benefits may be less than traditional Medi-Cal; where applicable, provided through new Local Coverage Option.
 - Proponents envision individuals with incomes 250 - 400% FPL will receive a tax subsidy to help purchase coverage as will select early retirees (more detail forthcoming).
 - Individual/ family earning less than 250% FPL can obtain coverage through new pool; contribution would not exceed 5% of family income.
 - 0 - 150% FPL would pay no premiums or out-of-pocket costs.

Role of Counties	<ul style="list-style-type: none"> • Counties would return a share (yet unspecified) of current revenue to the state to cover the cost of insuring the medically indigent. • Counties with a public hospital can apply to the state to provide coverage through new Local Coverage Option program.
Role of Federal Government	Expansion of Healthy Families and Medi-Cal would generate federal matching funds..
Changes in State Tax Code and State Tax Revenue	Proponents envision individuals with incomes 250 - 400% FPL and not eligible for public programs would receive an advanceable, refundable tax

	subsidy to help purchase coverage.
Insurance Market Requirements/ Reforms: Guaranteed Issue, Rating Reforms, and Other Requirements Imposed on Health Plans	<ul style="list-style-type: none"> • By 2010, all health plans required to guarantee issue. • Simplified medical underwriting, including standardized individual application form. Requires health plans to offer five classes of benefits to facilitate comparison shopping. • Based on health status, premiums may vary by $\pm 20\%$ from the "standard risk rate" for the first two year, $\pm 10\%$ for the next two years, and may not vary by health status thereafter. • Health plans must spend 85% of premiums on patient care.
Insurance Market Requirements/ Reforms: Connector/Purchasing Pool	Establishes California Cooperative Health Insurance Purchasing Program (Cal-CHIPP) to be administered by MRMB to negotiate and purchase health insurance for eligible enrollees.
Insurance Market Requirements/Reforms: Participant Contribution to Obtain Coverage Through Purchasing Pool	<ul style="list-style-type: none"> • Maximum contribution cannot exceed 5% of family income for families earning less than 250% FPL. • MRMB would set premiums for those earning less than 250% FPL to meet the 5% requirement.
Financing Sources and Cost Estimates	Plan expresses intent that financing come from: <ul style="list-style-type: none"> • Employer contributions • Employee and individual contributions • Federal funds • County contributions • Hospital fees (subject to voter approval) • New increase in tobacco tax (subject to voter approval).
Cost Containment: Prevention and Wellness	<ul style="list-style-type: none"> • Community makeover grants to local health departments for obesity prevention and other preventive issues (contingent on state budget appropriation). • Focus on prevention in obesity, diabetes (creates new Comprehensive Diabetes Service Program), and smoking cessation. • Requires all plans to offer one "Healthy Action" plan with benefits designed to promote wellness.
Cost Containment: Additional Provisions	<ul style="list-style-type: none"> • Establishes a new Health Care Cost and Quality Transparency Commission to establish a cost, quality, and transparency plan. • Cap on health plan administrative costs and profits (must spend 85% of premiums on patient care). • Makes a variety of changes aimed at increasing

	health care quality and efficiency and reducing costs, including changes to professional scope of practice, promotion of PHRs in CalPERS, and requirements on pharmacies for e-prescribing.
Enforcement	Plan envisions uninsured individuals would be automatically enrolled in minimum creditable coverage, presumably through the state pool.
Implementation Timeline	<ul style="list-style-type: none"> • January 2009 – Cal-CHIP created. • July 2009 – Healthy Families expansion, pending the appropriation of funds. • January 2010 – Insurance market reforms begin (guarantee issue). • July 1, 2010 – individual mandate. • July 2010 – Health plans must spend at least 85% of premiums on patient services. • July 2010 – Medi-Cal expansion, pending the appropriation of state funds.

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